

## REMARKS

The status of the claims is as follows. Claims 1, 21 and 22 are currently amended. Claims 2, 16, 18 and 19 are previously presented. Claims 3-15 and 20 are canceled. Claim 17 is original.

Claims 1, 2, 6, and 16-22, stand rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention. The language of "*at least one*" lease warranty criteria was not used in the claims and specification as originally filed. The language of "at least one" never appears in conjunction with the claimed criteria. Examiner states that "*at least one*" is new matter. Applicant has amended claims 1, 21 and 22 that used to phrase "*at least one*", to read exact as originally filed.

a lease warranty criteria including:

- i. qualifying the renter against a background check;
- ii. qualifying the renter against a credit check;
- iii. qualifying the renter against an employment check;

Claims 1, 2, 6, 16, 18, 21 and 22, stand rejected under 35 U.S.C. 103(a) as being unpatentable over Weatherly et al. (6049784). The Examiners states for claims 1, 18, 21, 22, Weatherly discloses a lease guarantor that will provide a lease warranty to a landlord in the event that a renter has defaulted on their rent. Weatherly discloses a credit check and an employment check as claimed. The Examiner admits that Weatherly does not disclose a background check, however a background check was previously cited by the Examiner as

taught by the ATS, Inc. web site. The Examiner cites Weatherly as teaching the step of calculating the cost of a lease warranty of the space for the potential renter. The Applicant has amended this step in independent claims 1, 21 and 22; to include claim 6 so that the step reads as follows. Support for graduating the cost of a lease warranty of the space for the potential renter taking into consideration the potential renter's annual income is found in the specification on page 8, lines 7-8.

b. ~~graduating-calculating~~ the cost of a lease warranty of the space for the potential renter taking into consideration the potential renter's annual income, where the renter is qualified, regardless of judgment for non-payment of rent, bankruptcy, automobile repossession, unpaid medical bills, unpaid student loans and lack of credit;

The Examiner has previously taken the position that the calculating step was equivalent to Weatherly's step of *"In the case of a single tenant, the system will apply the credit model to the prospective tenant's application to determine which service product the financial institution will offer the tenant."* Applicant understands *"determine which service product"* to mean length of time of warranty / guarantee, and this may or may not have something to do with the cost, but in any case there is no teaching of graduating the cost taking into consideration the potential renter's income. To the contrary, since a credit model is involved, the cost would be higher and the warranty would be shorter to squeeze the poor potential renter even harder. There is no teaching by Weatherly qualify a potential renter with poor credit. Applicant teaches matching renters and landlords to reduce discussed risk. Weatherly teaches picking out the lessee with the best credit rating, and using this process to process as many applicants as possible, because each application has a fee collected by the financial institution. The financial institution is not motivated to attain low vacancy, but to attain low default. As discussed by the declarant, Sam Kodaimaiti; low default does not necessarily translate into profits for the landlord. Low vacancy is usually more important. As to the guarantor, who in Weatherly is a managing financial institution, their interest appears to be to hold both the landlord's and the tenant's money. Applicant does not claim low risk, nor a financial institution. The rejections to claims 1, 21 and 22 are respectfully overcome. Claim 6 is cancelled. Claim 18 depends on independent claim 1, and by virtue of its

dependency should also be allowed. Claim 2 also depends on independent claim 1, and by virtue of its dependency should also be allowed.

The Examiner brings up the definition of a “service product” col. 2 lines 15- 20. Weatherly defines a *service product in the form of a guaranty directed to periodic lease payments from the lease control intermediary to the lessor for a predetermined amount defining a guaranty limit, the guaranty limit corresponding to a predetermined time period with the guaranty obligation becoming active upon failure of the potential lessee to pay periodic lease payments; providing, upon determination of an acceptable risk level, a lease agreement for execution by the potential lessor, the potential lessee, and the lease control intermediary and periodic lease payment material to the lessee directing payment of periodic lease payments to the lease control intermediary whereby, upon execution of the lease agreement, the potential lessee and the potential lessor become lessee and lessor, and the lease control intermediary becomes a guarantor of the lease payments; and depositing periodic lease payments either received from the lessee or made by the lease control intermediary according to the service product into an account held by the lessor, the periodic lease payment having a management fee removed therefrom by the lease control intermediary.* This service agreement is a kind of an all-one agreement, essentially removing the Landlord from the picture, except to get the lease signed. Applicant does not claim a service product, nor does the Applicant understand how the Examiner can define what is being offered to the tenant in col. 4 lines 34-65, as most of the elements of the service product are management / collection services between the landlord and the financial institution.

Examiner admits that a list of landlords seeking to enter into a warranted lease agreement is generated and where the list is used by a potential renter to select a desired space is not disclosed by Weatherly, but that this would be obvious to him and those skilled in the art. Applicant tends to agree, but what Weatherly teaches is a service product, which is much more than a warranted lease, and the basis for rejection appears to be invalid.

Claims 17 and 19 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Weatherly et al. (6049784) in view of ATS, Inc. web site. ATS discloses a web site where information on prospective tenants is submitted for review. The exact quote from the archived web site is **ATS provides complete application screening, including credit reports, landlord/tenant court reports (evictions), bad check reports, employment verification, previous landlord verification and criminal background checks.** Applicant's claim 17 depends from claim 16, which is a dependent claim reading on the eviction conviction, depending from claim 1. Claim 17 has all the limitations of claim 16 and claim 1, and in light of the current amendments and arguments, claim 17 is allowable.

Regarding claim 19, ATS discloses the use of the Internet for notifying the landlord of the results of a tenant check. The Examiner contends it would have been obvious to one of ordinary skill in the art at the time the invention was made to use the Internet in Weatherly to notify the landlord of a tenant being qualified as disclosed by ATS. Applicant's claim 19 depends from claim 18, which depends from claim 1. Claim 19 reads on landlords seeking to enter into a warranted lease. Examiner admits that Weatherly does not teach a list of landlords, so it would not be obvious to have a list of them in a database. The rejections to claims 17 and 19 are respectfully overcome.

In the Interview Summary mailed on May 7, 2008, the Examiner restated the position that qualifying a renter by not taking into account non payment of bills, or by not taking into account bankruptcy is something that would have been obvious to one of ordinary skill in the art and is directly related to the level of risk one is willing to accept in a renter. The Examiner stated that he does not see claim 6 as being allowable. Applicant reminds the Examiner that if a landlord has a lower vacancy that there need not be a higher level of risk of making a greater profit, as attested to by the declarant, who is an actuary, as there is an inherent minimum level of vacancy, and if one achieves a decreased vacancy, then the profitability higher. The risk is also partially offset by the warrant. It is easy to assume that a higher level of default means there is a higher level of risk, but this doesn't necessarily follow. The invented method would also reduce underutilized rental property, and give more people more choices. Claim 6 has been rolled into the independent claims 1, 21 and 22; and the calculating step now includes graduating the cost of a lease warranty of the space for the

potential renter taking into consideration the potential renter's annual income, where the renter is qualified, regardless of: judgment for non-payment of rent, bankruptcy, automobile repossession, unpaid medical bills, unpaid student loans and lack of credit.

Applicant believes that in light of the amendments and remarks, the pending claims are now allowable. The inventor is prepared to offer an affidavit as to the interest by various civic organizations as to the utility of the invention in solving housing problems, and if need be, will participate in a telephonic interview with the Examiner.

### **Conclusion**

In view of the foregoing amendment and the remarks, this application is now believed to be in condition for allowance and such favorable action is respectfully requested on behalf of Applicant. It is believed that there are no fees other those previous identified. The Examiner is encouraged to please contact the Applicant's representative at 704-301-3497 if there are any questions or any fees are due. The Applicant thanks the Examiner for his examination of this application. The Applicant reminds the Examiner of his duty to identify allowable matter.

Respectfully submitted,

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